



REALTOR® Office Contact (ROC) - Legislative Briefing January-February 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

STATE ISSUES

\$10,000 Tax Credit on New Home Purchases: As part of the recent state Budget Agreement, the Governor and Legislative Leaders passed a tax credit for new home purchases. The new law, enacted by SB X2 15 (Ashburn), applies to any purchase (close of escrow) of a home as a buyer's principal residence between March 1, 2009 and March 1, 2010. The home has to be either new or previously unoccupied when purchased. The tax credit is 5% of the sale price of the home, not to exceed \$10,000, and the credit has to be spread over three (3) years, starting with the year in which the home is purchased. The purchaser must live in the home for at least two years or the credit has to be repaid to the State.

Septic Regulation Update: AB 855, which became law in 2001, requires the State Water Resources Control Board to create regulation that will set the standards for the use and permitting of septic systems. C.A.R., after working for years to ensure that the eventual regulations are not overly burdensome to property owners or businesses, had to oppose the current proposal.

Concerns about the current draft of the proposed regulations include:

- Cost of achieving compliance is too burdensome and costly and hurts housing affordability
- Regulations need to allow for an effective, pragmatic variance process, where local government regulators can make site-specific exceptions to the regulations and determinations of "functional equivalency" for local conditions.
- The owners of existing septic systems with supplemental treatment systems will now be required to maintain and transfer technical documents at point of sale, which is problematic in many ways.
- The groundwater testing requirements are overkill. Testing should be changed to a fecal and bacterial sampling, which show a direct nexus to a failing system.

C.A.R. believes that the State Water Board needs to revise these proposed regulations so that they are fair to property owners. "Fair Means":

- Regulations should only apply to systems with a problem, not every system across California
- Variances should be allowed when a substantially equivalent result can be reached.
- Local water groundwater quality agencies – not homeowners- should be required to maintain technical documents
- Groundwater monitoring should be limited to sites with confirmed septic contaminations
- **Point of Sale is NEVER an appropriate time to trigger regulatory compliance**

NATIONAL ISSUES

H.R. 1, Economic Recovery and Reinvestment Act: This legislation would reinstate the 2008 loan limits in those counties where the loan limits went down in 2008-2009. In most areas the loan limits decreased dramatically because of the statutory reduction from 125% of median home price to 115% of median home price, but in addition the agencies recalculated the median home prices, which resulted in a large decline. For those 50 or so counties where the limit went up, they would keep their 2009 limit. The Senate is now considering its own version of the stimulus package. C.A.R. and NAR are working to ensure that language similar to that contained in the House bill is included in this version as well.

San Diego County's New FHA Mortgage Limits are: One-Family: \$697,500; Two-Family: \$892,950.

Homebuyer Tax Credit — The bill provides for a \$8,000 tax credit that would be available to first-time home buyers for the purchase of a principal residence on or after January 1, 2009 and before December 1, 2009. The credit does not require repayment. Most of the mechanics of the credit will be the same as under the 2008 rules: the credit will be claimed on a tax return to reduce the purchaser's income tax liability. If any credit amount remains unused, then the unused amount will be refunded as a check to the purchaser.



REALTOR® Office Contact (ROC) - Legislative Briefing January-February 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

Neighborhood Stabilization — Division A, Title XII of the bill provides \$2,000,000,000 in additional funding for the Neighborhood Stabilization Program (NSP). The NSP was created by the Housing and Economic Recovery Act of 2008 (Public Law 110-289) to provide grants through the Community Development Block Grant program (CDBG) to states and localities to address the problems that can be created when whole neighborhoods are decimated by foreclosures. The funds can be used to purchase, manage, repair and resell foreclosed and abandoned properties. In addition, the funds can also be used by states and localities to establish financing methods for the purchase and redevelopment of foreclosed properties. After purchase the homes must be used to assist individuals and families with incomes at or below 120% of area median income. Twenty-five percent of funds must be used for households with incomes at or below 50% of area median income. By leveraging their expertise in partnership with others from both the public and private sector, REALTORS® in many communities have been making important contributions to their local communities' neighborhood stabilization programs.

Please contribute to the REALTOR® Action Fund so SDAR may continue to protect your interests. For additional information or to contribute to the REALTOR® Action fund, please contact the Government Affairs Dept. at govaffairs@sdar.com or 858-715-8012.